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The People-Profit Polarity

Donna Dickson and Sara Cegelski

In the global marketplace, and with advances in technology making virtual companies a reality, organizations face increasingly high levels of competition. Coupled with the nature of today's economy, where a growing number of organizations rely on their employee's knowledge-related capabilities versus their physical labor to achieve business goals, businesses are finding they must look to their workforce, or human capital, as their mean of competitive advantage.

While leaders and managers in most organizations agree that human capital is as valuable to business success as other more tangible forms of capital, few have shown a commitment to developing and leveraging employee capabilities. In fact, since employees are usually the single largest cost in an organization, most managers continue to view employees as a cost to be managed, rather than an asset to be leveraged. This is the people-profit polarity.

A polarity, unlike a problem that can be solved by gathering data and weighing cost/benefit, is an *interdependent* pair of opposites. Like breathing in and out, you need both sides of a polarity to maintain a health.

The polarity map¹ shown in figure 1 outlines some of the benefits of focusing on investing in people or human capital (upper left quadrant). While every organization would gladly endeavor to realize these benefits, an organization that focuses solely on people will also suffer the downside of this focus (lower left quadrant).

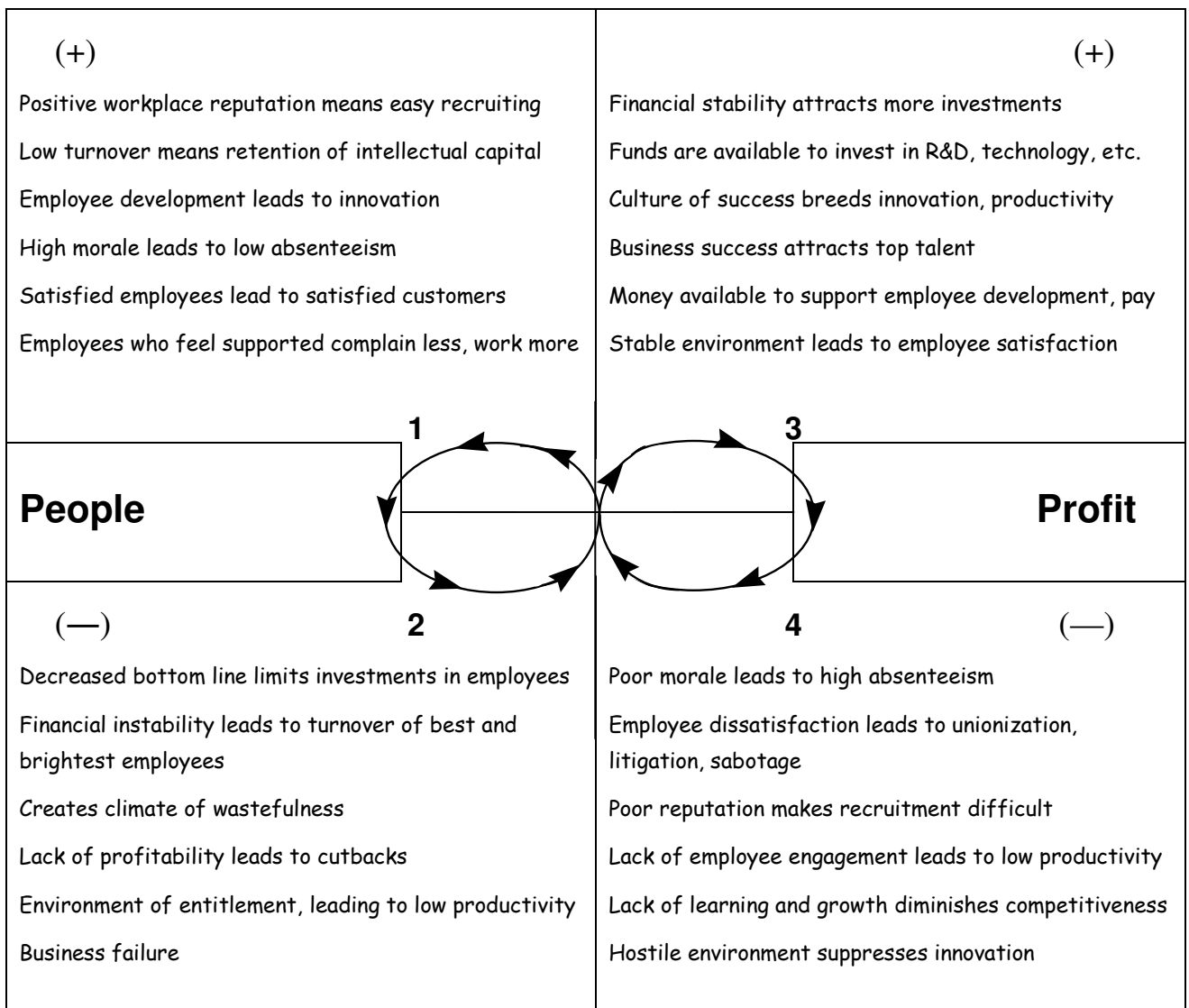
The polarity map in figure 1 also highlights some of the benefits of focusing on business profitability (upper right quadrant). While this quadrant may be appealing, an over-focus on profits will lead to the downside of that focus (lower right quadrant).

¹ Based on the work of Barry Johnson, Polarity Management, HRD Press 1996.

Organizations must maintain a healthy tension or balance between both people and profits in order to obtain all the benefits in the upper half of the map. Failure to maintain this balance will lead to a repetitive cycle of reactivity. To illustrate this non-productive cycle of reactivity, consider that an organization over-focused on people (quadrant 1) begins to suffer the affects of quadrant 2. In reaction to experiencing the undesirable state of quadrant 2, it over-corrects and becomes totally focused on profit (quadrant 3). An over-focus on profit then leads to the downside (quadrant 4), and the entire cycle begins again.

When organizations think in terms of either/or instead of both/and, this cycle pervades. Recognizing that business success is a result of investing in people *and* driving profit helps create the healthy tension required to manage the polarity.

Figure 1: People-Profit polarity



Students in the Masters program in Human Resource Development (HRD) at the American College of Management and Technology (ACMT) learn to use tools like Polarity Maps to help their organizations leverage their human assets to positively impact the bottom line. They explore the effective workforce management and employee development practices employed by high performance organizations ranging from excellence in recruiting and rewards to building a flexible workplace that is ready to adapt to change. For more information about the M.S. in HRD, please contact Besim Agušaj at ACMT, besim@acmt.hr.

About the authors

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